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South Africa - Republic of

LOCK-UP REPORT

Grain and Feed Quarterly Update

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Report Highlights:

South Africa's 2009/10 marketing year commercial corn crop is estimated at 11.6 million tons on 2.4 million hectares. The corn crop yield is estimated at 4.78 tons per hectare which will be the highest corn yield per hectare ever recorded in South Africa. After exporting more than 2.1 million tons of corn in the 2008/09 marketing year, it is estimated that South Africa will again have about 2.0 million tons of corn available for export in the 2009/10 marketing year. The commercial corn area to be planted later this year for the 2010/11 marketing year is expected to decrease due to the substantial drop in corn prices and the prospects of an El Nino situation which usually results in midsummer drought conditions.

Post:

Pretoria

Executive Summary:

The Crop Estimates Committee (CEC) released its sixth production forecast for the 2009/10 marketing year corn crop and estimated the South African commercial corn crop at 11.6 million tons on 2.4 million hectares. After the initial dry spell at the beginning of the season most parts of the corn producing area received above-average rainfall for the balance of the season which contributed to the historic crop. The commercial area to be planted later this year for the 2010/11 marketing year is expected to be lower than the previous year. Two factors will contribute to lower plantings, namely, the expectation of full-scale El Nino conditions in the coming production season and the substantial drop in corn prices. For the 2008/09 marketing year South Africa exported slightly more than 2.1 million tons of corn. Of the 2.1 million tons exported, 1.9 million tons (90 percent) were destined for countries in Africa. For the 2009/10 marketing year it is estimated that South Africa will have about 2.0 million tons of corn available for export.

US$1 = Rand 7.94 (07/29/09)

Sources:

www.sagis.org.za
www.grainsa.co.za
www.safex.co.za
www.nda.agric.za

Author Defined:

Production

The CEC released its sixth production forecast for the 2009/10 marketing year corn crop on July 28, 2009. The CEC estimates the South African 2009/10 marketing year commercial corn crop at 11.6 million tons on 2.4 million hectares. The size of the expected commercial corn crop remained unchanged from the previous estimate at end of June. The CEC estimated the hectares planted by the subsistence faming sector at 468,683 hectares, a decrease of 5.9 percent from the 497,980 hectares of the previous season. Due to favorable climatic conditions the expected corn crop for the subsistence farming sector is estimated at 516,633 tons, 11.3 percent higher than the 464,069 tons of last season.

The overall commercial corn crop yield for the 2009/10 marketing year is estimated at 4.78 tons per hectare, which will be the highest corn yield per hectare ever recorded in South Africa. This not only illustrates the favorable weather conditions corn producers benefited from during the latter part of the season but also the use of better farming practices and the impact of their vast adoption of biotechnology.

White commercial corn production is estimated at 6.8 million tons on 1.5 million hectares and yellow commercial corn production at 4.8 million tons on 938,500 hectares. According to SAGIS, farmers have already delivered about 7.1 million tons of the 2009/10 marketing year harvest. As a result, more than 60 percent of the current crop has already been harvested. The following table details area planted and production figures of white and yellow commercial corn for the 2008/09 (actual), 2009/10 (estimate) and 2010/11 (forecast) marketing years.

Table 1: Area planted and production of corn in South Africa

CORN	Area 000ha	Yield t/ha	Prod. 000 t	Area 000ha	Yield t/ha	Prod. 000 t	Area 000ha	Yield t/ha	Prod. 000 t
Marketing year	**2008/ 09**			**2009/ 10**			**2010/ 11**		
White	1.737	4.3	7.480	1.489	4.6	6.800	1.350	3.6	4.860
Yellow	1.062	4.9	5.220	939	5.1	4.804	900	3.8	3.420
TOTAL	2.799	4.5	12.700	2.428	4.8	11.603	2.250	3.7	8.325

Source: SAGIS and CEC

The commercial area to be planted later this year for the 2010/11 marketing year is expected to be lower than last year. Two factors will contribute to reduced plantings. The first one is the expectation of full-scale El Nino conditions in the coming production season. The El Nino conditions are expected to cause above-normal rainfall during spring, but below normal rainfall during midsummer in the corn producing areas of South Africa which may result in drought conditions. Some commercial famers may switch to sunflowers which are well adapted to hot and dry climates and can be produced economically even when there is not enough moisture to produce most of the other summer crops.

The second factor that will contribute to lower corn planting for the 2010/2011 marketing year is the substantial drop in corn prices on the Safex agricultural market. The current prices for corn are about 30 percent lower than a year ago. History suggests that South African corn farmers have the agility to respond to increases or decreases in prices.

Table 2 shows the area planted and production of commercial corn by province in South Africa for the 2008/09 and 2009/10 marketing years.

Table 2: Area planted and production of corn by province in South Africa

	2008/09 (Actual)		**2009/10 (Estimate)**	
	Area	**Production**	**Area**	**Production**
	1000 Ha	**1000 Tons**	**1000 Ha**	**1000 Tons**
WHITE CORN				
Western Cape	1	10	2	15
Northern Cape	3	36	3	29
Free State	690	2,978	565	2,656
Eastern Cape	3	15	3	16
KwaZulu-Natal	41	237	40	248
Mpumalanga	268	1,475	215	1,290
Limpopo	41	164	33	172
Gauteng	80	400	69	359
North West	610	2,165	560	2,016

TOTAL	**1,737**	**7,480**	**1,489**	**6,800**
YELLOW CORN				
Western Cape	3	30	4	35
Northern Cape	52	626	48	552
Free State	480	1,950	390	1,716
Eastern Cape	13	70	13	72
KwaZulu-Natal	42	252	42	265
Mpumalanga	250	1,400	262	1,441
Limpopo	16	60	15	72
Gauteng	36	168	30	146
North West	170	664	135	506
TOTAL	**1,062**	**5,220**	**939**	**4,804**
TOTAL				
Western Cape	4	40	5	50
Northern Cape	55	662	51	581
Free State	1,170	4,928	955	4,372
Eastern Cape	16	85	16	87
KwaZulu-Natal	83	489	82	513
Mpumalanga	518	2,875	477	2,731
Limpopo	57	224	48	244
Gauteng	116	568	99	504
North West	780	2,829	695	2,522
TOTAL	**2,799**	**12,700**	**2,428**	**11,603**

Source: CEC

Consumption

For the 2008/09 marketing year the human consumption of corn (mainly white corn) in South Africa increased by 18.7 percent compared to the 2007/08 marketing year. This was attributable to the economic situation which has forced many South Africans to once again buy cheaper basic foods. However, predictions are that when general economic conditions improve consumers will again substitute basic grain products for meat and other value added foodstuffs. Corn used for animal feed (mainly yellow corn) decreased by 3.5 percent. As a result, total demand for corn in South Africa increased by 7.3 percent.

For the 2008/09 marketing season approximately 4.5 million tons of corn, mainly white corn, was used for human consumption and approximately 4.0 million tons, mainly yellow corn, for animal consumption. The total corn consumption for the 2008/09 marketing season was approximately 9.1 million tons. For the 2009/10 marketing season it is estimated that human and animal consumption of corn will increase mainly due to relatively lower corn prices. Corn consumption is estimated at 9.5 million tons, an increase of 4.6 percent compared to the 2008/09 marketing season.

The following table outlines the commercial consumption for white and yellow corn for the

2008/09 (actual), 2009/10 (estimate) and 2010/11 (forecast) marketing years:

Table 3: The commercial consumption of white and yellow corn in South Africa

CORN 000 t	**White**	**Yellow**	**Total**	**White**	**Yellow**	**Total**	**White**	**Yellow**	**Total**
Marketing year	**2008/ 09**			**2009/ 10**			**2010/ 11**		
Human	4.197	326	4.523	4.400	300	4.700	4.400	250	4.650
Animal	661	3.350	4.011	700	3.500	4.200	700	3.700	4.400
Other	218	344	562	250	360	610	200	400	600
TOTAL	5.076	4.020	9.096	5.350	4.160	9.510	5.300	4.350	9.650

Source: SAGIS, Grain SA

Trade

For the 2008/09 marketing year South Africa exported slightly more than 2.1 million tons of corn. South Africa exported 1.9 million tons of white corn and 265,868 tons of yellow corn. Of the 2.1 million tons exported, 1.9 million tons (90 percent) were destined for countries in Africa. Table 4 shows the different export and import destinations for white and yellow corn for the 2008/09 marketing year. Zimbabwe (532,409), Kenya (386,568), Mozambique (303,895), Botswana (278,719) and Namibia (143,350) were the primary destinations.

For the 2009/10 marketing year so far, from May 1, 2009 to July 24, 2009, South Africa exported 479,239 tons of corn, mostly white corn. Kenya (338,026), Mozambique (53,208) and Botswana (28,068) were the primary destinations. For the 2009/10 marketing year it is estimated that South Africa will have about 2.0 million tons of corn available for export.

Table 4: Export and Import Countries for white and yellow corn for marketing years 2007/08 and 2008/09 (1 000 tons)

Marketing year	**2008/09 (1 May 2008 – 30 April 2009)**		**2009/10 (1 May 2009 – 24 July 2009)**	
	White corn	**Yellow corn**	**White corn**	**Yellow corn**
Export Destinations				
Angola	2	1		
Botswana	277	1	24	4
Benin	4			
Cameroon	4			
Chad			1	
Congo	1			
Ethiopia	9			
Ghana	2			
Guinea	1	3		
Iran	33	104		
Kenya	387		338	
Lesotho	91	5	17	
Mauritius	12			

Madagascar			1	1
Malaysia		34		
Malawi	8			
Mozambique	279	25	48	6
Namibia	124	19	6	5
Senegal	5			
Somalia	43			
Swaziland	16	39	1	8
Tanzania	50			
Yemen		28		
Zambia	23			
Zimbabwe	526	7	18	2
TOTAL EXPORTS	**1.899**	**266**	**453**	**26**
Import Suppliers				
Brazil		27		
TOTAL IMPORTS	**0**	**27**	**0**	**0**

Source: SAGIS

Import Trade Matrix

Country	South Africa		
Commodity	Corn		
Time Period	May/April	Units:	MT
Imports for:	2008/09		**2009/10***
U.S.	0	U.S.	0
Others		Others	
Argentina			
Zambia			
Malawi			
Tanzania			
Brazil	27		
Total for Others	27		0
Others not Listed	0		0
Grand Total	27		0

***(1 May 2009 – 24 July 2009)**

Export Trade Matrix

Country	South Africa		
Commodity	Corn		
Time Period	May/April	Units:	MT
Exports for:	**2008/09**		**2009/10***
U.S.	0	U.S.	0
Others		Others	
Botswana	271706		27799
Lesotho	95684		14336

Namibia	141079		10712
Mozambique	299011		48488
Swaziland	56873		7805
Zimbabwe	520044		17185
Iran	137748		
Somalia	42958		
Yemen	27500		
Mauritius	12400		
Malaysia	34089		
Tanzania	50357		
Kenya	373724		348626
Ethiopia	9386		
Total for Others	2072559		474951
Others not Listed	56865		3441
Grand Total	2129424		478392

***(1 May 2009 – 24 July 2009)**

Prices

The SAFEX prices as of July 24, 2009 are shown in the following Table. Currently, white corn prices are at R1,321 per ton and yellow corn prices at R1,246 per ton. Since last year July, local white corn prices have decreased by more than R500 per ton or by 27.9 percent and yellow corn prices by more than R600 per ton or by 33.5 percent. The major reasons for the decrease in corn prices are the strengthening of the Rand against the US dollar in recent months, the excellent production season in South Africa which led to an oversupply and the expectations of a very good corn crop in the U.S., which pushed prices down on the CBOT. In the coming months corn price levels should remain near export parity levels with the rand exchange rate and the developments of the U.S. corn crop the most unstable variables.

SAFEX Futures prices (07/24/2009)

Commodity	2009/08	2009/09	2009/12	2010/03	2010/07
White corn	R1321/t ($166/t)	R1331/t ($168/t)	R1388/t ($175/t)	R1423/t ($179/t)	R1458/t ($184/t)
Yellow corn	R1246/t ($157/t)	R1266/t ($159/t)	R1320/t ($166/t)	R1353/t ($170/t)	R1411/t ($178/t)

Corn South Africa	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: May 2008			Market Year Begin: May 2009			Market Year Begin: May 2010		
	USDA Official Data		Old Post Data	USDA Official Data		Old Post Data	USDA Official Data		Jan Data
Area Harvested	3,300	2,799	3,300	3,000	2,423	2,897	3,200	2,800	2,70
Beginning Stocks	1,661	1,661	1,661	3,475	3,122	3,591	3,275	3,314	4,13
Production	13,164	12,700	13,164	12,000	11,202	12,120	11,500	10,280	8,77
MY Imports	50	27	27	100	100	30	100	500	1,00

TY Imports	521	520	520	100	300	30	100	600	1,000
TY Imp. from U.S.	1	0	0	0	0	0	0	0	0
Total Supply	14,875	14,388	14,852	15,575	14,424	15,741	14,875	14,094	13,906
MY Exports	2,200	2,130	2,165	2,500	1,800	2,100	2,000	1,500	1,200
TY Exports	1,124	1,095	1,095	2,500	2,045	2,045	2,000	1,000	1,000
Feed Consumption	4,300	4,035	4,011	4,700	4,050	4,200	4,700	4,390	4,400
FSI Consumption	4,900	5,101	5,085	5,100	5,260	5,310	5,300	5,140	5,250
Total Consumption	9,200	9,136	9,096	9,800	9,310	9,510	10,000	9,530	9,650
Ending Stocks	3,475	3,122	3,591	3,275	3,314	4,131	2,875	3,064	3,056
Total Distribution	14,875	14,388	14,852	15,575	14,424	15,741	14,875	14,094	13,906
Yield	4.	5.	4.0	4.	5.	4.2	4.	4.	3.3